An Introduction to

HANLEY MARINE INC

HALTER
MARINE INC.
A Friede Goldman Halter Company

Halter's Mission Statement

Committed People Working Together to Become the Global Leader in Building and Maintaining World Class Marine and Engineered Products that Provide a Competitive Advantage to our Customers.

Proprietary and Business Sensitive

Halter Revenue by Customer Type

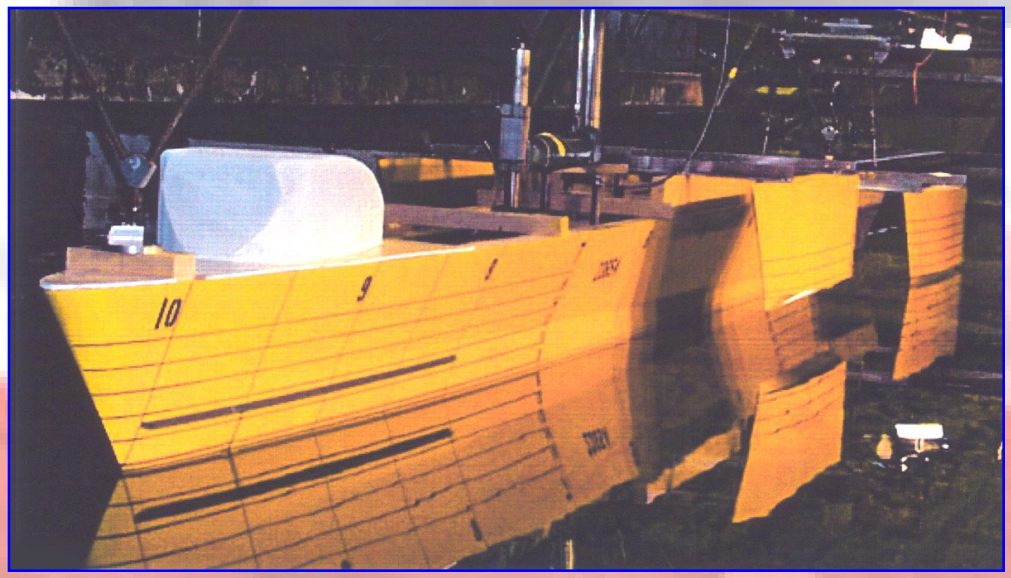
Wide Range of Vessels for Diverse Customers

- Government
- Commercial
- Other

Proprietary and Business Sensitive

Total Ship Life Cycle Consideration

- Assessment of Needs
- Concept / Design Development Formulation
- Construction
- Co-Production and Technology Transfer
- Test and Evaluation
- Training and Support
- Maintenance and Repair
- Modernization



Proprietary and Business Sensitive

More Ships Built from Halter Designs Than all Other U.S. Shipyards Put Together

Engineering Design Facilities

- Halter Marine, Inc has over 40,000 Sq. Ft. of space dedicated to engineering and design integration
- Sophisticated Engineering Department with state-of-the-art Computer Aided Design (CAD) System
- Over 170 Engineering Staff, many with Degrees in Naval Architecture & Marine Engineering, Mechanical, Electrical/Electronics, Structures, and other Engineering disciplines
- Advanced Videoconferencing capability and Integrated Network System
  - Interactive Real-Time, Multi-Party, Multi-Location Conference and Drawing Reviews
  - Internet and Intranet Capabilities
  - Framework for Integrated Product Data Environment (IPDE)
- Over 190 dedicated CAD capable computers for computer aided design
- 107 Dell Workstations capable of 3D product modeling with 60 AGP high end graphics monitors

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Proven Ship Design and Integration Exper

More Experience with High Technology Weight Sensitive Ships than Any Other Shipyard

Hull Design

- Mono Hull
  - Displacement
  - Planing
- Multi Hulls
  - SWATH
  - Catamaran /Wave Piercing
  - High Speed/Low Wake
  - Trimaran
  - Pentamaran
- Air Cushion Vehicles (ACVs)
- Surface Effect Ships (SESs)
- Material
  - Steel
  - Aluminum
  - Composites

Propulsion Systems Design

- Propulsion
  - Integrated Diesel Electric
  - Geared Diesel
  - Geared Gas Turbine
  - CODOG
  - CODAD
- Propulsors
  - CPP
  - Fixed Pitch
  - Z-Drive / Azimuthing
  - Cycloidal
  - Waterjets
  - Air Screws
  - Surface Piercing
- Machinery Control Systems

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Regulatory Body Familiarity

Halter builds more ships to commercial class standards than any other U.S. shipyard.

- American Bureau of Ships
- US Coast Guard
- Lloyds Register
- Det Norske Veritas
- Germanischer Lloyd
- Bureau Veritas
- IMO
- SOLAS
- MARPOL
- Other International Regulatory Bodies

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Ship Production Design Development

- Build Strategy
  - Planning
  - Module Breakdown
  - Integrated Schedules
- Functional Design
  - System Design and Integration
  - Vessel Integration
  - Material Specification
- Production Design
  - Product Modeling
  - Steel and Pipe Work Packages with ‘cut length’ BOMs
  - Production Details and BOMs

Bahamian Patrol Boat

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Quality Assurance Program

- QA Manager and QC Department Experience in Commercial and Government Requirements
- Direct Access to SVP of Operations
- Responsibility of Individual Employee
- Test and Trials Program to Prove Compliance
- Full Time Test & Trials Team

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Quality Assurance Department

- Responsible for developing, directing, upgrading and implementing the Quality Assurance Plan.
- Coordinates all interactions with all Regulatory Bodies, including the American Bureau of Shipping (ABS), United States Coast Guard (USCG), ISO 9000 certifying bodies, and customer representatives.
- Interprets and implements governing rules and regulations regarding ABS, USCG, the Code of Federal Regulations, the American Welding Society, and the American Society of Mechanical Engineers.
- Coordinates sea trials and all requisite tests.

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Pascagoula Shipyard

- FGH Pascagoula facilities - 180 Acres
- Protected Deepwater Access
- Fabrication, Pipe, Electrical Shops
- Covered Fabrication Facilities
- Extended Waterfront

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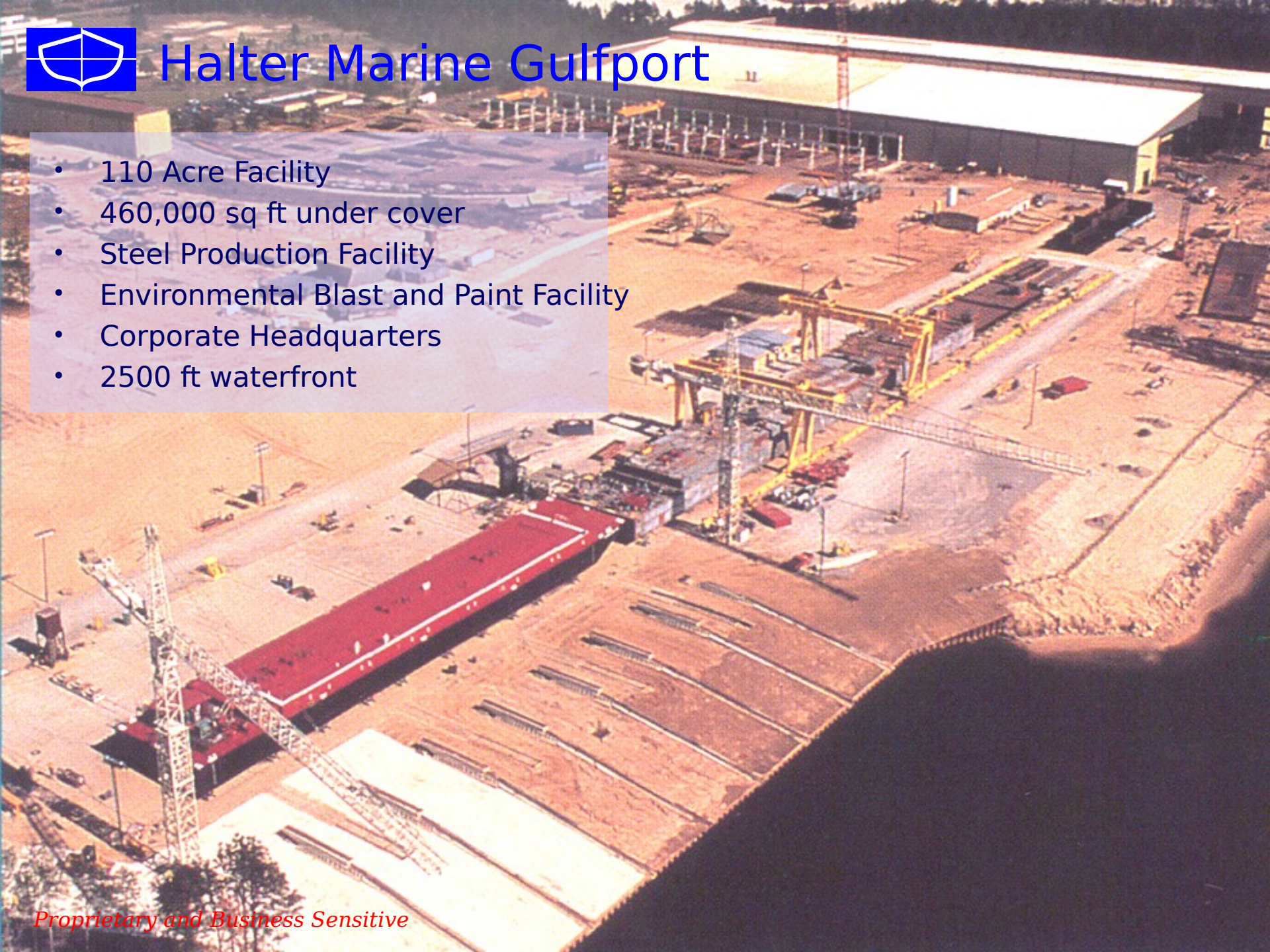
Halter Marine Gulfport



- 110 Acre Facility
- 460,000 sq ft under cover
- Steel Production Facility
- Environmental Blast and Paint Facility
- Corporate Headquarters
- 2500 ft waterfront

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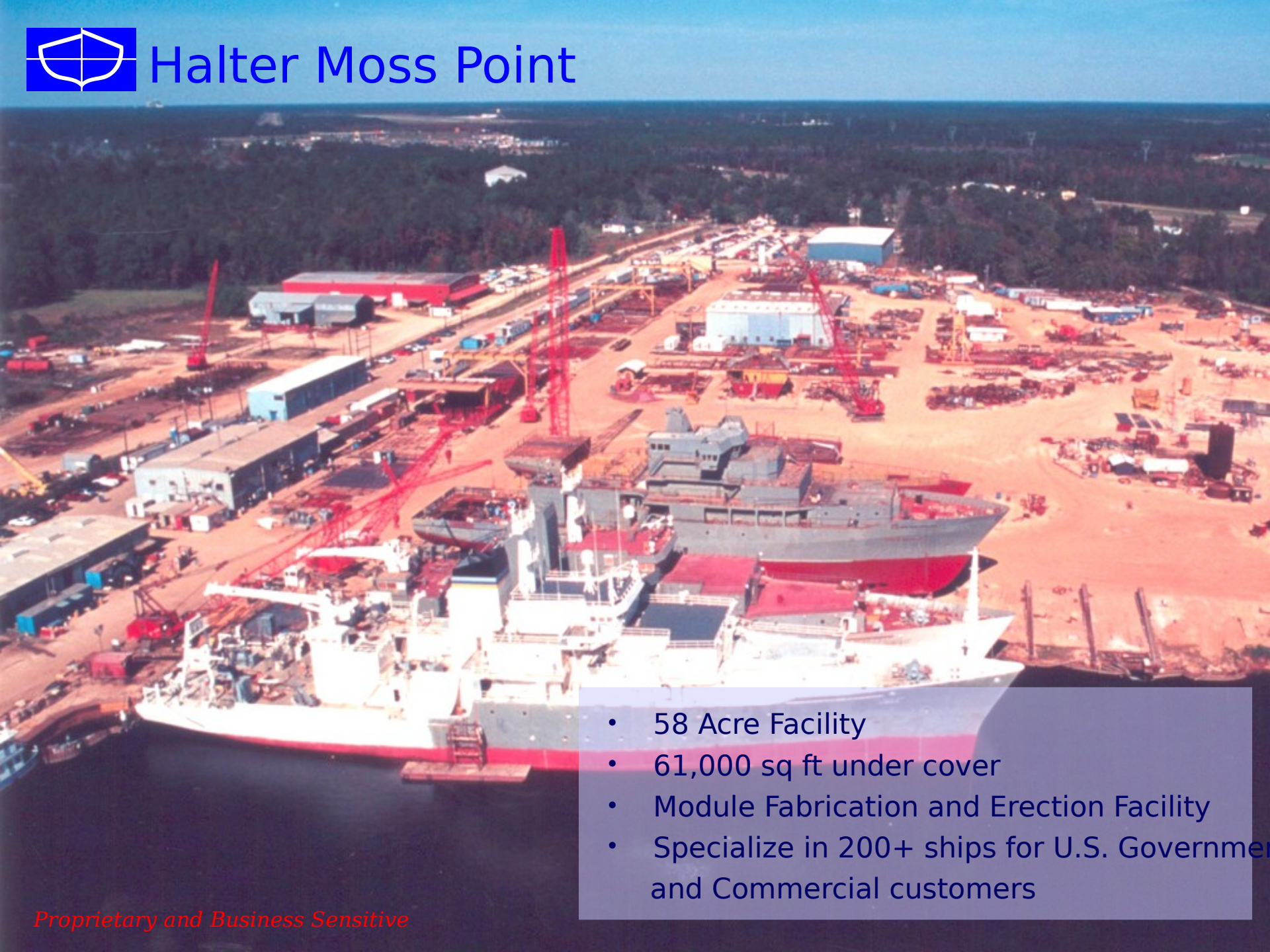
Halter Moss Point



- 58 Acre Facility
- 61,000 sq ft under cover
- Module Fabrication and Erection Facility
- Specialize in 200+ ships for U.S. Governme and Commercial customers

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LSV Time Line

- First Announced in CBD on 15 February 2000.
- Several iterations of the performance description were issued for industry review.
- Request for proposal submitted on 31 January 01 - technical proposal, 14 February 01 - price.
- Items for clarification and discussion submitted from March 01 to May 01.
- Final proposal revisions submitted on 4 May 01.
- Contract award to Halter Marine on 25 May 01.
- Contract protested after award, stop work letter issued on 31 June 01.

Proposal Preparation

- Team approach - subject areas assigned to engineering and program disciplines.

  Program coordinator - focal point for all internal and external information requirements.

- Team dedicated to design and proposal development, estimate 5000 m/h.

- Several subcontractors assisted during proposal effort.

LSV/TACOM Website

- LSV Website excellent communications tool contractor used daily to status project information.

- Suggest expanding sites to furnish all technical data requirements of the RFP - considerable solicitation imposed documents.

Logistic Support Vessel (LSV)

Section L

L: Instructions, conditions and notices to offers.

L-18 Submission of subcontracting plan -

L-22 Proposal instructions and content -

L-22.4.2. Small business utilization -

Section M

M: Evaluation factors for award.

M-10 Basis for award

(a) Selection Basis

(b) Affordability

M-10.3 Technical Areas

(a) Deployability

1. Sea Keeping
2. Range
3. Speed
4. Stability

(b) Landing Craft Ops

1. Docking and slow speed maneuverability
2. Beaching and shallow draft ops
3. Cargo stowage and Handling

Section M

M: Evaluation factors for award (cont)

M-10.4 Price

M-10.5 Performance Risk Area

(a) Past performance

(b) Small business utilization

M-10.6 Logistics Area

(a) Life cycle cost

(b) Logistics Management information

Final Proposal Revisions

- FPR - were fairly straight forward
- Last minute change, added requirement for domestic anchors/chains/pumps required price adjustment. HMI concern about total price.
- Pricing of concerns to HMI - TACOM target price took some trade off considerations

Protest Observations

- KO issued stop work letter on 13 June 01

  HMI didn't think at the time the protest would go the distance.

Based

  on issues presented, HMI felt we had the better design.

- Somewhat surprised protestor chose to protest directly to GAO vs

  Army.